

WHATCOM TRANSPORTATION AUTHORITY
Whatcom County, Washington
January 1, 1994 Through December 31, 1994

Schedule Of Findings

1. The Authority Should Improve Internal Controls Over The Accounts Receivable And Cash Receipts Systems

Our audit of the Whatcom Transportation Authority revealed the following weaknesses in the accounts receivable and cash receipts systems:

- a. An improper segregation of duties exists with the accounts receivable clerk performing the billings, accounts receivable, posting, and depositing duties.
- b. No cash receipts are prepared for moneys accepted at the administrative office.
- c. Currently deposits are being made every seven to ten days, which is not considered to be in a timely manner.

The following criteria apply:

- The Washington State Constitution, Article XI, Section 15 states in part:

All moneys, assessments and taxes belonging to or collected for the use of any county, city, town, or other public or municipal corporation, coming into the hands of any officer thereof, shall immediately be deposited with the treasurer, or other legal depositary

- RCW 43.09.240 provides in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours.

- RCW 43.09.200 states:

The state auditor, through such division, shall formulate, prescribe, and install a system of accounting and reporting, which shall be uniform for every public institution, and every public office, and every public account of the same class The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

- The *Proprietary Budgeting Accounting Reporting Systems Manual*, prescribed by the State Auditor, Volume 1, Part A, Chapter 1, page 19 states in part:

Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.

The authority has not implemented proper segregation of duties and cash handling policies for the administrative office.

Without proper segregation of duties, no assurance can be given that all revenues due to the authority have been received. This weakness is further exacerbated by not preparing cash receipts. Without official cash receipts, there is no record of the transactions to provide validity of the deposits. Not depositing in a timely manner, also increases the risk that a loss of public funds could occur without being detected in a timely manner, if at all.

We recommend the authority implement proper segregation of duties and cash handling policies. We further recommend the authority require all revenues, received at the administrative office, be receipted in on official, preprinted, prenumbered receipts and deposited in a timely manner.